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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 000394

SIPDIS

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TAGS: [ECON](#) [PGOV](#) [KWBG](#) [IS](#) [GOI](#) [INTERNAL](#) [ISRAELI](#) [PALESTINIAN](#) [AFFAIRS](#)

SUBJECT: SHEETTRIT SAYS ISRAEL MUST PROPOSE FINAL BORDERS TO U.S.

Classified By: Ambassador Richard H. Jones for reasons 1.4 b and d.

Summary

11. (C) In a discussion with the Ambassador, Minister of Transportation Meir Sheetrit said that the Kadima Party list for the Parliamentary elections would be fully formed by the end of January, and added that he was confident that all of the ministers and members of the Knesset (MKs) in the party would make it into the next Knesset. As for himself, he indicated a personal interest in becoming Finance Minister in a Kadima-led government. Sheetrit also agreed to review an earlier-submitted U.S. paper on agreed operating procedures at Israel-PA crossings to which the GOI has not yet responded. There was also a discussion on U.S.-Israel aviation issues which will be reported septel.

Sheetrit the Moderate

12. (C) The Ambassador and econoff met recently with Transportation Minister Sheetrit in his Tel Aviv office. Sheetrit began by discussing his place in the Israeli political spectrum. He said that it is "no surprise" that he is now in Kadima, characterizing himself as a "moderate" whose long-held political views are now represented by that party. He recalled that he was one of the only Likudniks to break party discipline and abstain on the Oslo Accords, rather than vote against them. Regarding PM Sharon, Sheetrit said that he told Sharon after his first election as PM that Sharon needed to "make history or be history." He said that Sharon followed his advice and called the ailing PM charismatic and courageous. Sheetrit added that Sharon's illness represented a "loss to the country." While calling Sharon a great tactician, he said that he was not a great strategist. On the peace process, Sheetrit said that he had supported the Saudi Peace Plan, but with the disengagement now completed, the way to move forward is to present a serious peace plan, including plans for delineating Israel's final borders to the USG for discussion.

Kadima List to be Completed by End of January

13. (C) Stating that electoral reform will be a crucial part of Kadima's program, Sheetrit discussed his admiration for the checks and balances of the U.S. constitutional system and for the genius of its founders. Regarding the composition of the Kadima list, he said that all of the ministers and MKs attached to the party will likely win seats in the upcoming elections. Without mentioning names, however, he also noted that some of those brought in by Sharon are actually damaging the Party's interests, but he did not elaborate further. Noting that PM Sharon had been consulting with him, Ehud Olmert, and Tzipi Livni regarding the composition of the Kadima list, he said that nothing regarding the list was yet definite. A few people received promises about future positions. Uriel Reichmann (formerly of Shinui) was promised the position of Education Minister, while Shimon Peres was promised an unspecified ministry. Sheetrit noted that the possibility of making Peres number two on the Kadima list was annoying to some people, but said that all the problems will be resolved by the end of January when the final list will be decided. Regarding his own future, Sheetrit mentioned his past experience as Minister of Finance in 1999 and his work on the economic reform program with Finance Minister Netanyahu as a Minister attached to the finance ministry. He said that, given this background, he is interested in being appointed Finance Minister in a Kadima-led government. Until the election, he will stay in the Transportation Ministry if not offered a more senior portfolio. (Note: Sheetrit has since been appointed to the position of Education Minister, but will also retain the Transportation portfolio. End note).

Netanyahu Shot Himself in the Foot

14. (C) Regarding Likud Chairman Netanyahu, Sheetrit recounted how he had advised Netanyahu that resigning from

the government would not be a smart move. He noted that Netanyahu would be the clear front-runner in the race for Prime Minister, had he remained in the cabinet.

Crossings

17. (C) The Ambassador began the discussion on crossings by asking about the GOI's response to the paper submitted by the U.S. to the Israelis and the Palestinians regarding agreed operating procedures for crossings, noting that the Palestinians have already submitted their comments. When Sheetrit replied that he had not seen the paper, which he suggested had probably gone to the Ministry of Defense, the Ambassador said that the Embassy would submit it directly to him. Sheetrit said that the operations at the crossings are huge and entail big security problems. The Ambassador noted that four scanners are already in country for use at the crossings and that one is being tested at Karni. He added that once the scanners are in place, they will speed up passage at the crossings considerably and also increase security for Israel.

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JONES